GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:3525
ANSWERED ON:18.04.2005
SALE OF FARMERS PRODUCE
Siddeswara Shri Gowdar Mallikarjunappa

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Union Government is aware that the farmers are facing difficulties in the marketing of their produce and are forced to sell them to certain designated agencies in the open market at a loss;

(b) if so, the steps taken to safeguard the interest of the farmers;

(c) whether the private sector has not made any investment in the marketing infrastructure;

(d) if so, the reasons therefor; and

(e) the steps being taken by the Government to rectify the situation?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA)

(a)&(b): Setting up of Agricultural Markets is a State subject. Under the existing law dealing with agricultural markets (APMC Act), the State Government alone is empowered to initiate the process of setting up of markets for agricultural commodities in notified areas. The processing industry cannot buy directly from the farmers. The farmer is restricted from entering into direct contract with any manufacturer as the produce is required to be canalized through regulated markets. These restrictions are acting as disincantive to farmers, trade and industries. The State Governments have, therefore, been advised to bring reforms to the APMC Act to allow direct marketing and contract farming and to permit setting up of competitive markets. Development of alternative competitive markets in private and cooperative sectors would provide freedom to farmers to sell their produce in the markets providing better prices/services.

(c)&(d): Yes, Sir. Under the existing State laws dealing with agricultural markets, private sector cannot take initiative in setting up of markets in respect of notified agricultural commodities.

(e): The following steps have been taken to rectify shortcomings in the agricultural marketing sector:-

(i) The Ministry organized National Conferences with State Governments at New Delhi on 07.01.2004 and at Bangalore on 19.11.2004 and evolved a consensus on the need for reforms in the agricultural marketing sector.

(ii) The Ministry circulated a model law to the States in order to guide them in implementation of the reforms in the APMC Act.

(iii) The Ministry also implemented a new Central Sector Scheme with effect from 20.10.2004 for development/Strengthening of Marketing Infrastructure, Grading and Standardization. Under this scheme, assistance for development of agricultural marketing infrastructure projects will be provided in those States/UTs that amend the APMC Act on the lines suggested in the model law.